

First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

DRAFT  
2.24.13

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LLS NO. 13-0842.01 Jason Gelender x4330

COMMITTEE BILL

Capital Development Committee

**SHORT TITLE:** "Higher Education Revenue Bond Intercept Program"

**A BILL FOR AN ACT**

101     **CONCERNING MODIFICATION OF THE STANDARD FOR DETERMINING**  
102             **WHETHER BONDS ISSUED BY A STATE-SUPPORTED INSTITUTION**  
103             **OF HIGHER EDUCATION QUALIFY FOR THE HIGHER EDUCATION**  
104             **REVENUE BOND INTERCEPT PROGRAM.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

**Capital Development Committee.** Under current law, bonds issued by a state-supported institution of higher education (institution)

qualify for the higher education revenue bond intercept program (program) only if, on the date of their issuance, the total amount of the annual payments on the bonds and any other bonds issued by the institution and secured under the program does not exceed the amount of the institution's fee-for-service contract revenue for the prior year. The bill replaces this requirement with a credit and coverage test that requires the governing body of the institution to have:

- A credit rating in one of the three highest categories, without regard to modifiers within a category, from at least one major credit rating organization and no credit rating that is in a category below the three highest categories, without regard to modifiers within a category, from any such organization; and
- A debt service coverage ratio of at least one and one-half to one.

The state treasurer may exempt an institution from the credit and coverage test if the revenue bonds to be issued are refunding bonds that result in cost savings to the institution.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 23-5-139, **amend** (1)  
3 (b) introductory portion and (1) (b) (I); and **add** (1) (c) as follows:

4 **23-5-139. Higher education revenue bond intercept program.**

5 (1) (b) This section applies to revenue bonds issued by an institution  
6 pursuant to this article on or after ~~June 4, 2008~~ THE EFFECTIVE DATE OF  
7 THIS PARAGRAPH (b), AS AMENDED, and to refunding bonds issued by an  
8 institution pursuant to article 54, 56, or 57 of title 11, C.R.S., on or after  
9 ~~June 4, 2008~~ THE EFFECTIVE DATE OF THIS PARAGRAPH (b), AS AMENDED,  
10 if, on the date the bonds are issued:

11 ~~(I) The maximum total annual debt service payments of the~~  
12 ~~revenue bond issue and any other bonds to which this section applies~~  
13 ~~issued by the same institution are one hundred percent or less of the~~  
14 ~~institution's prior year fee-for-service contract revenue; THE GOVERNING~~  
15 BODY OF THE INSTITUTION HAS:

1           (A) A CREDIT RATING IN ONE OF THE THREE HIGHEST CATEGORIES,  
2 WITHOUT REGARD TO MODIFIERS WITHIN A CATEGORY, FROM AT LEAST  
3 ONE NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION AND,  
4 IF MORE THAN ONE SUCH ORGANIZATION HAS RATED AN INSTITUTION, NO  
5 CREDIT RATING THAT IS IN A CATEGORY BELOW THE THREE HIGHEST  
6 CATEGORIES, WITHOUT REGARD TO MODIFIERS WITHIN A CATEGORY; AND

7           (B) A DEBT SERVICE COVERAGE RATIO OF AT LEAST ONE AND  
8 ONE-HALF TO ONE, MEASURED BY DIVIDING THE INSTITUTION'S NET  
9 REVENUE AVAILABLE FOR DEBT SERVICE OVER THE DEBT SUBJECT TO THIS  
10 ARTICLE AND THE DEBT TO BE ISSUED PURSUANT TO THIS ARTICLE; AND

11           (c) THE STATE TREASURER MAY EXEMPT AN INSTITUTION FROM  
12 THE REQUIREMENTS OF SUBPARAGRAPH (I) OF PARAGRAPH (b) OF THIS  
13 SUBSECTION (1) IF THE REVENUE BONDS TO BE ISSUED ARE REFUNDING  
14 BONDS THAT RESULT IN COST SAVINGS TO THE INSTITUTION.

15           **SECTION 2. Safety clause.** The general assembly hereby finds,  
16 determines, and declares that this act is necessary for the immediate  
17 preservation of the public peace, health, and safety.